

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Hong Kong

Food Service - Hotel Restaurant Institutional

HRI Food Service Sector Annual 2016

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Report Highlights:

As hotel and restaurant expansions continue into 2017, demand for high-quality U.S. food and beverage products by the HRI food service sector in Hong Kong is expected to remain robust. Healthy, nutritious options are increasingly found on restaurant menus as changing lifestyles and consumer awareness of transparent and sustainable food sourcing are in demand.

Post:

Hong Kong

SECTION I. MARKET OVERVIEW

U.S. Food and Beverage Exports to Hong Kong

Hong Kong remains the 4th largest market, by value, for U.S. consumer-oriented products with imports of \$3.3 billion in 2015. U.S. food-related products are valued as high-quality, safe choices in Hong Kong where imports meet 95% of local food requirements due to nominal domestic production. With the exception of 4 products, Hong Kong is a duty free market and major trading hub where buyers make purchasing decisions for a vast range of consumer-oriented products not only for Hong Kong but also for products transshipped to Macau, Mainland China and other markets in Asia.

Demand is increasing rapidly for high-quality options with healthy attributes, key market segments where the United States brand is valued. Top prospects for U.S. food exports to Hong Kong include: beef, pork and poultry meats, fresh fruits, tree nuts, aquatic products, processed foods and wine.

Hotel, Restaurant and Institutional (HRI) Sector

The food service industry plays a vital role in Hong Kong's economy. In 2015, Hong Kong had over 13,000 foodservice establishments that employed over 240,000 workers¹. Hong Kong had five of the World's Best 100 Restaurants in 2015, more than any city in Asia and 67 starred Michelin restaurants announced for 2017.

The HRI sector is expected to continue positive growth in 2017 despite what is forecast to be a challenging year economically in Hong Kong. A strong local currency tied to anticipated interest rate rises in the U.S. may hinder local economic growth if it results in slower private consumption. A decline in visitor numbers from mainland China following restrictions on same-day travel to Hong Kong, depreciation of the yuan and fierce competition from alternate travel destinations, have softened inbound tourism numbers and the profits of luxury goods retailers that have been a key destination for tourists. In response, luxury shops have sought lower operating cost venues leaving retail space in prime shopping areas available for restaurant expansion.

With the average residential living area at 160 square feet, one-fifth that of the average American home, most Hong Kong residents dine out daily. According to a 2012 Hong Kong University study, 62% of Hong Kongers eat out between 5 and 10 times per week. Hong Kong diners spent an average of \$228

¹ Key Statistics on Business Performance and Operating Characteristics of the Import/Export, Wholesale and Retail Trades, and Accommodation and Food Services Sectors in 2015, Census and Statistics Department, Hong Kong Special Administrative Region

per person per month on dining out which made them the biggest spenders on food in the Asia Pacific region². Discovering new dishes and sharing them on social media via Facebook photos are popular social activities for young adults whose food fervor drives a persistent trend for new and innovative menu options.

Smartphone use in Hong Kong tops 96 percent. With 4.4 million Facebook users sending comments on new dishes and reviews of restaurant options at every meal, Hong Kongers are increasingly savvy about their food options and food service operators have had to adapt quickly to new food trends and consumer preferences to remain competitive.

A key emerging trend brought on by information-hungry diners relates to their interest in healthy lifestyle choices, including food decisions, such as how their food sources impact the environment and how their dining experience enhance their overall region³. As a result, restaurateurs are incorporating sustainable elements, unique experiences and celebrity chef interaction into their offerings. Foods that require culinary sophistication, such as wine and cheese, are also in demand as are premium seafood, organic ingredients, and non-meat protein options.

Hotels

The tourism industry is a major pillar of the Hong Kong economy, contributing 5 per cent to its GDP in 2014 and employing around 271, 800 persons (7.2 per cent of total employment). In 2015, tourist arrivals declined by 2.5 per cent over 2014 to 59.3 million, with visitors from Mainland China representing 77 per cent of travelers. The total number of visitors in the first quarter of 2016 fell by 10.9 per cent over the same period of 2015. Among the total, while Mainland China arrivals fell by 15.1%, non-Mainland arrivals increased by 5.4%. Visitor numbers are expected to reach 70 million by 2017, per InvestHK, as the rapid growth of business and leisure travel in Asia drives increased demand for accommodation at every price level.

In response, Hong Kong's hotel room supply continues to increase. As of the end of March 2016, there were 257 hotels offering 74,290 rooms compared with 167 hotels and 59,627 rooms at the end of 2009, reflecting 52% and 25% respective growth rates. The average occupancy rate was 86% in 2015 and 83% in the first quarter of 2016. According to the Hong Kong Tourism Board, the hotel supply in Hong Kong should increase at a compound-average-annual-growth rate of 4% in the next several years, reaching a total of 303 hotels with 83,408 rooms by 2019. The majority of the new supplies will be in Kowloon, especially in the Yau Tsim Mong and Sham Shui Po districts where large-scale urban redevelopments have been taking place.

Hong Kong recorded \$2.24 billion in hotel investment sales or 24.8% of the region's total volume and at a whopping 677% increase from the previous year, according to Hong Kong Business magazine. The sale of the premier luxury hotel, InterContinental Hong Kong, which sold for \$938 million, was the largest single hotel transaction in Asia Pacific and the second largest in the world in 2016.

² Hongkongers spend most on food in Asia Pacific, Feb 27, 2015, ejinsight on the pulse, <http://www.ejinsight.com/20150227-hongkongers-spend-most-on-food-in-asia-pacific/>

³ H.K. Food And Restaurant Trends To Watch Out For In 2016, Jan 12, 2016, Forbes,

<http://www.forbes.com/sites/nanhiein/2016/01/12/h-k-food-and-restaurant-trends-to-watch-out-for-in-2016/#2db9d9ec4a12>

Restaurants

In 2015, Hong Kong restaurant food and beverage purchases, valued at \$4.5 billion, generated estimated sales of \$13.4 billion, an increase of 2.2 and 3.9 percent, respectively, over 2014 as shown in Table 1. Casual dining full-service restaurants and fast casual fast food facilities saw above average growth in outlets from 2014 to 2015 as Hong Kongers scaled down their dining-out budgets in response to tighter economic conditions and restaurants adjusted their menu options and dining experiences to keep customers.

Healthy, nutritious options are increasingly found on restaurant menus as changing lifestyles and consumer awareness on transparent and sustainable food sourcing and organic and vegetarian choices are in demand. With an average annual consumption of 157 pounds of seafood per year, Hong Kongers eat more than four times the global average, according to the World Wide Fund for Nature Hong Kong.

Table 1 – Hong Kong Restaurants Receipts and Purchases (US\$ Billion)

	2014	2015	Growth (15 vs 14)
Restaurant Receipts	12.87	13.38	3.9%
Restaurant Purchases	4.41	4.51	2.2%

(Source: Hong Kong Census & Statistics Department, US\$1=HK\$7.8)

Restaurant operators are taking advantage of softening rents to expand strategic outlets while updating menu options for Hong Kong's enthusiastic "foodie" consumers that demand novel, premium cuisines. According to Euromonitor, leasing transactions in shopping malls by foodservice operators rose by 50% in 2015. Fast casual dining outlets with moderate prices and attractive décor have been popular with consumers due to cost and convenience pressures that drive Hong Kong's busy lifestyles. Due to severe land shortages, landlords are converting industrial sites into creative outlets attracting innovative dining concepts and young consumers in search of good food and quality dining experiences. With easy to use public transportation and inexpensive taxi service, Hong Kong diners can readily reach the expanding range of restaurant options in the Hong Kong region.

Hong Kong restaurants consist primarily of five broad categories:

- Chinese,
- Non-Chinese
- Fast food
- Bars, and
- Other establishments

Chinese

Chinese cuisine is the top grossing restaurant category, according to Hong Kong Census and Statistics Bureau, and it will continue its dominant share in the market due to deeply rooted cultural events, such as banquets for weddings and dim sum lunches, often enjoyed by groups of working class adults and families. Among all Chinese cuisines, Cantonese is the most widely available, with others including Shanghaiese, Sichuan and Chiu Chow also providing many options to diners.

Non-Chinese

Due to its history as a global trade hub, sophisticated and affluent Hong Kong consumers have an enthusiasm for a range of international cuisines made from high-quality ingredients. Footprints of restaurants offering non-Chinese cuisine options, including Western, Japanese, Korean, Thai, Vietnamese, Indian, and more, are found everywhere in Hong Kong, leading to numerous opportunities for usages of U.S. foods and beverages as ingredients and for pairing.

Fast Food

Fast food outlets suit Hong Kong's quick-paced lifestyle where dining out twice per day at convenient locations is not uncommon. Competition among fast food chains is intense as brands strive to retain customers and raise brand awareness. McDonald's, KFC and Pizza Hut are recognized options across the region as are more local chains, such as Café De Coral, Maxim's and Fairwood, that serve both Chinese and Western foods. To stay competitive, fast food operators are updating outlets and adding new healthier food options. For example, in December 2015, McDonald's opened the world's first "McDonald's Next" in Hong Kong - an elevated concept featuring a glass and metallic interior, mobile-charging stations, Wi-Fi, self-ordering options and a salad bar - with table service after 6 p.m. and premium coffee blends.

Bars

Hong Kong's vibrant nightlife is renowned and is served by more than 1,000 bars, pubs and other eating and drinking establishments across Hong Kong. Beer is a popular drink with wine and spirits seeing growing demand. According to a 2015 Euromonitor report, between 2009 and 2014 the volume of wine consumed increased by 30% while spending on wine increased by 240% (in real terms) to reach HKD8.1 billion (approximately USD1 billion) reflecting growing demand by increasingly sophisticated wine drinkers for quality imported wines. Demand for fine imported spirits is also expected to continue to rise. Craft beers are also in rising demand by thirsty Hong Kong consumers.

Other Establishments

"Tea restaurants" offer a range of localized Western and Chinese cuisines and beverages. Milk tea is a particular local favorite consisting of adding milk (evaporated or condensed) to various tea combinations. Nevertheless, the Asian coffee market has grown an average 4% per annum since 2000, with the number of specialty coffee shops surging in the past 10 years. Young adults view coffee as an element to enhance their lifestyle and they seek out expertise in brewing options. Starbucks has opened Starbucks Reserve outlets incorporating urban street art and live performances. The leading chains, by market share in value terms, are Starbucks, Pacific Coffee, and McCafe⁴.

Institutional Catering

Hong Kong's institutional foodservice sector consists of hospitals, residential care facilities, schools, prisons and travel industry catering facilities. Many of these facilities, especially those operated by the government, purchase food supplies through tenders. Experienced local importers are familiar with the process and requirements.

Hospitals

Hong Kong has 42 public hospitals and institutions, managed by the Hospital Authority, and 11

⁴ Euromonitor International, Cafes/Bars in Hong Kong, China, May 2016

registered private hospitals. Some of the meal services are outsourced to caterers and distributors. For example the Hospital Authority periodically invites tenders for supplying drinking water and catering services.

Schools

There are over 1,000 kindergartens, over 600 primary schools and secondary schools respectively, and 29 post-secondary educational institutions in Hong Kong with dietary health concerns in school lunches an ongoing discussion. The Government provides guidelines for schools to adopt appropriate procedures to select the lunch and snacks supplier most capable of providing healthy, nutritious and environmentally friendly lunch and snacks. Most public schools employ caterers to deliver lunch boxes to schools.

Prisons

The Hong Kong Correctional Services managed some 6,800 correctional institutions including prisons and rehabilitation centers. Inmates receive meals that are approved by dietitians, the Department of Health and in accordance with international health guidelines⁵.

Airlines

With a central location less than five flying hours from half of the world's population and connections to over 190 destinations, the Hong Kong airport handled 68.5 million passengers in 2015. As a pivotal component of the airline industry, the Hong Kong airport catering facilities provided over 15,000 meals per day to the airline companies. Given the competition among airlines, airlines have an increasingly high standard for the meals provided to their clients. Some partner with famous restaurateurs to design menus for business and first class passengers.

Cruise Ships

In addition, Hong Kong is increasingly popular as a cruise hub due to the development of the Kai Tak Cruise Terminal – the former site of the city's urban airport in Kowloon - that can accommodate the largest ships in the cruise industry. The increasing number of calls of luxury cruises to Hong Kong bodes well for the demand for fine dining needs both during the cruises and in the city during on-shore excursions.

Entertainment Parks

The two major theme parks in Hong Kong are Hong Kong Disneyland and Ocean Park Hong Kong. Both these theme parks have in-house food preparation facilities, but they also outsource some restaurants and other food and beverage outlets to caterers. The two parks provide more than a dozen restaurants or cafés that offer various cuisines, and many snack kiosks that offer local and international treats.

Advantages and Challenges in the Hong Kong Markets

⁵ Former inmate challenges policy over Chinese and Western meals in Hong Kong prisons, South China Morning Post, August 18, 2015, <http://www.scmp.com/news/hong-kong/law-crime/article/1850458/former-inmate-challenges-policy-over-chinese-and-western>

Advantages	Challenges
Hong Kong is one of the top markets in the world for food and beverages, processed, fresh and frozen gourmet products. U.S. exports of consumer oriented agricultural products to Hong Kong were US\$3.3 billion, consolidating its position as the 4 th largest market for the United States in 2015.	U.S. food products are not always price competitive. China is the largest competitor of U.S. food products.
Hong Kong is a major trading hub where buyers make purchasing decisions for a vast range of consumer oriented products that are transshipped to China and other parts of Asia.	Transportation time and costs plus product availability due to seasonality (e.g. fresh produce) associated with importing U.S. food and beverage products to Hong Kong provide a challenge for U.S. products not shared by regional suppliers, such as China, Australia, and New Zealand.
U.S. food products enjoy an excellent reputation among Hong Kong consumer's as they are renowned for high quality and food safety standards.	The importance of Hong Kong as a transshipment point and buying center for China and elsewhere is not widely known to U.S. exporters.
The U.S. was the largest supplier of agriculture, fishery, and forestry products to Hong Kong in 2015.	Hong Kong labeling and residue standards differ in some cases, which can impact trade.
Technical barriers to imports of U.S. products are generally very low.	Numerous Hong Kong food regulations are not in line with Codex, which can complicate import clearances.
A wide variety of U.S. products are available to Hong Kong consumers (over 30,000 different items).	While Hong Kong has one of the busiest container terminals in the world, it also has expensive port handling charges.
The Hong Kong economy tends to be very stable.	Hong Kong's top supermarkets are a duopoly that often request slotting fees.
In general, implementation and application of regulations is transparent and open.	Inflation is on the rise in Hong Kong. The increase in food prices may cause some consumers to turn to more lower-price lower-quality food products where U.S. products do not enjoy strong competitive advantage.
Hong Kong's logistical efficiency and strong trade support infrastructure (world's busiest air cargo terminal and 5 th busiest port) facilitates the smooth trans-shipment of many imported products from Hong Kong to regional Asian markets.	
Macau depends on Hong Kong's deep water port to move imported products to Macau. Most trans-shipments to Macau are purchased, consolidated, and shipped via Hong Kong.	

Demand is increasing rapidly for “healthy”, high-quality foods, market segments where the United States is especially strong.	
Hong Kong concerns over food safety have made U.S. food products a top choice for quality and safety.	
Hong Kong is a “quality” and trend driven market so price is not always the most important factor for food and beverage purchases.	
Hong Kong is a dynamic market with a sophisticated international community where new high-quality products are readily accepted.	
Lack of local production means virtually no protectionist pressures for food and agricultural products.	
Hong Kong’s duopolistic supermarkets have a wide distribution network. Cold chain and distribution channels for food products are generally efficient and dependable, as is the customs clearance process.	

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

Food product suppliers from the United States seeking to enter the Hong Kong food service markets will need to work primarily with importers as very few hotels, restaurants or institutions import directly from exporters. The U.S. is Hong Kong’s primary trading partner for consumer-oriented products and many U.S. suppliers develop long-term relationships with Hong Kong buyers. As a free port that has limited customs tariffs and excise duties, maintains a strong rule of law and respect for property rights, and provides linkages to Macau, mainland China and other Asian markets, Hong Kong is a strategic platform for U.S. exporters.

To enter the Hong Kong markets, some promotional/marketing strategies and tactics to consider, include:

- Identification of key players - ATO Hong Kong can provide lists of importers, distributors, USDA commodity cooperators and state/regional trade groups.
- Establishment of a presence in the market – test marketing and stakeholder education may be required prior to entry.
- Invitation to foodservice buyers to seminars and/or to the U.S. - ATO Hong Kong/ USDA

cooperators organize seminars and trade missions to the U.S. to introduce U.S. products and U.S. exporters to Hong Kong buyers.

- Participation in trade shows – Hong Kong hosts numerous food-related trade shows (see Table 2) and in cooperation with FAS and USDA cooperators and state regional trade groups, the shows provide a platform to highlight the versatility and quality of U.S. food and beverage products.

Table 2 – Hong Kong Trade Shows Featuring Food and Beverage Products

Date	Name of Show (check the <u>hyperlink</u> below for more details)
Feb 23-25, 2017	LOHAS Expo (organic and natural foods)
Feb 23-25, 2017	Vegetarian Food Asia
May 8-11, 2017	HOFEX* (all foods)
Aug 17-21, 2017	Hong Kong Food Expo (all foods)
Aug 30-Sep 1, 2017	Natural & Organic Products Asia
Sep 5-7, 2017	Seafood Expo Asia
Sep 5-7, 2017	Restaurant and Bar
Sep 6-8, 2017	Asia Fruit Logistica* (fruits, vegetables and nuts)
Nov 9-11, 2017	Hong Kong International Wine and Spirits Fair
December 2017	Agri Pro Asia
December 2017	Hong Kong International Bakery Expo

(* USDA-endorsed trade shows, more information on USDA-endorsed trade shows can be found at:

<http://www.fas.usda.gov/topics/exporting/trade-shows>)

Table 3 State Regional Trade Groups Contact and Coverage Information -

State Regional Trading Groups (SRTG)	States	Contact
Food Export USA - Northeast (FEUSA)	Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont	www.foodexportusa.org 215-829-9111
Food Export Association of the Midwest USA (FEA)	Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin	www.foodexport.org 312-334-9200
Southern United States Trade Association (SUSTA)	Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, Puerto Rico, South Carolina, Tennessee, Texas, Virginia and West Virginia	www.susta.org 504-568-5986
Western U.S. Agricultural Trade Association (WUSATA)	Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming	www.wusata.org 360-693-3373

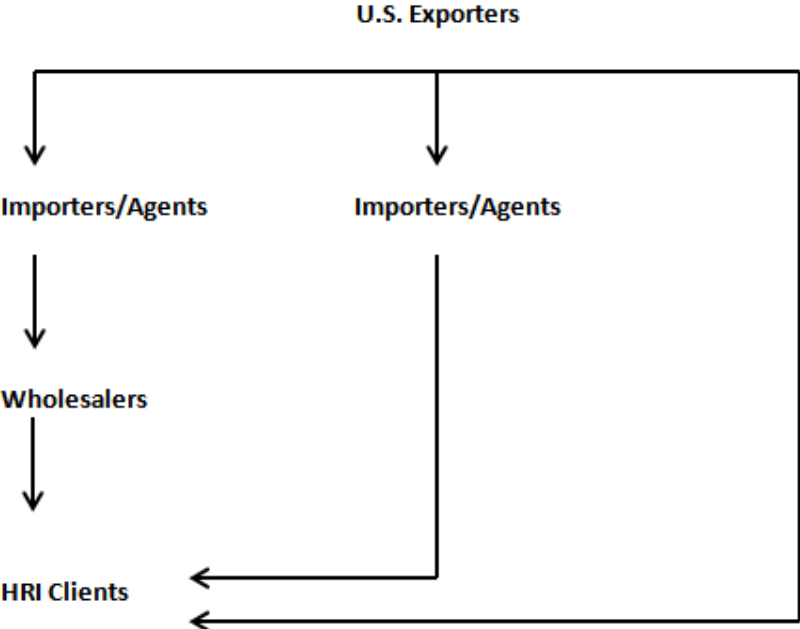
Hong Kong Standards and Regulations

The Hong Kong Government has multiple acts that govern the importation of food and beverage products. The reports below prepared by ATO Hong Kong can help U.S. exporters to understand the requirements for importation..

- [Hong Kong - Food and Agricultural Import Regulations and Standards - Narrative](#)
- [Hong Kong - Food and Agricultural Import Regulations and Standards - Certification](#)

SECTION III. STRUCTURE AND FOODSERVICE DISTRIBUTION CHANNEL

Most food and beverage imports are sold in Hong Kong through import agents for distribution to HRI clients. Private establishments that are smaller in size purchase from wholesalers and high-end clients who ship by air or large establishments would source some of their food supplies directly from exporters.



Foodservice Distributors/Importers

Entering the market through foodservice distributors/importers is common for U.S. exporters. Most distributors in Hong Kong have the distribution network and expertise to work with major hotels, restaurants and institutions.

Partial List of Distributors/Importers in Hong Kong

Company Name	Location
Angliss Hong Kong Food Service Ltd	47-51 Kwai Fung Crescent Kwai Chung New Territories, Hong Kong
Bayern Gourmet Food Co Ltd	11/F., Tin Fung Ind. Mansion 63 Wong Chuk Hang Road Aberdeen, Hong Kong
Dah Chong Hong Ltd	8/F., DCH Building 20 Kai Cheung Road Kowloon Bay, Hong Kong
DKSH Hong Kong Ltd	23/F., Tower A, Southmark, 11 Yip Hing Street Wong Chuk Hang Aberdeen, Hong Kong
Easywin International Investment Limited	19/F, Unit B Man Foong Ind. Bldg, 7 Cheung Lee Street, Chai Wan, Hong Kong
Etak International Ltd	20/F., Methodist House 36 Hennessy Road Wanchai, Hong Kong
Getz Brothers & Co (Hong Kong) Ltd	8/F., Wyler Centre 1 200 Tai Lin Pai Road Kwai Chung, Hong Kong
Global Consumer Products Private Ltd	10D1, Manning Industrial Building 116 How Ming Street Kowloon, Hong Kong
Goodwell Sam Cheong Grocery	11/F., Tin Fung Ind. Mansion 63 Wong Chuk Hang Road Aberdeen, Hong Kong
KerryFlex Supply Chain Solutions Ltd.	Unit 201, Block A, Kerry TC Warehouse 1-3 Kin Chuen Street Kwai Chung, N.T. , Hong Kong
Sims Trading Ltd	7/F DCH Building 20 Kai Cheung Road Kowloon Bay, Hong Kong
Wing Sang Cheong	7/F., Safety Godown Industrial Building 56 Ka Yip Street Chai Wan, Hong Kong
Wilson Int'l Frozen Food Ltd	Room 2104 D-F, Nan Fung Centre

	264-298 Castle Peak Road Kowloon, Hong Kong
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Sub Sector Profiles

Hotels and Resorts

Partial List of Hotel Groups in Hong Kong

Company Name	Location	Number of Hotel (s)
Conrad Hong Kong (Hilton Group)	Pacific Place, Hong Kong	1
Grand Hyatt Hong Kong (Starwood Group)	1 Harbour Road, Hong Kong	1
Hong Kong SkyCity Marriott Hotel (Marriott International Inc)	1 Sky City Road East, Hong Kong International Airport, Lantau, Hong Kong	1
Island Shangri-La, Hong Kong (Shangri-La Group)	Pacific Place, Supreme Court Road, Central, Hong Kong	2
JW Marriott Hotel Hong Kong (Marriott International Inc)	Pacific Place, 88 Queensway. Hong Kong e,	1
Kerry Hotel (Shangri-La Group)	38 Hung Luen Road, Hung Hom Bay, Kowloon, Hong Kong	1
Mandarin Oriental Hong Kong (Mandarin Oriental Hotel Group)	5 Connaught Road Central, Hong Kong	1
The Landmark Mandarin Oriental (Mandarin Oriental Hotel Group)	15 Queen's Road Central , Hong Kong	1
Renaissance Hong Kong Harbour View Hotel (Marriott International Inc)	1 Harbour Road, Wanchai. Hong Kong	1
Ritz-Carlton Hotel	International Commerce Centre, 1 Austin Road West, Hong Kong	1

Restaurants

Partial List of Catering Franchises in Hong Kong

Name of Franchise	No. of Outlets
Ajisen-Ramen (<i>catering - Japanese noodles restaurant</i>)	13
Genki Sushi (<i>catering - Japanese restaurant/takeaway</i>)	59
Grappa's Ristorante (<i>catering - Italian restaurant</i>)	1+ 1 wine bar
Hui Lau Shan (<i>catering - herbal tea house and health food</i>)	43
Hung Fook Tong (<i>catering - herbal tea house</i>)	112
Kentucky Fried Chicken (<i>catering - fast food restaurant</i>)	66
Kung Wo Tong (<i>catering - herbal tea house</i>)	5
Kung Wo Beancurd Products (<i>catering - beancurd drinks and products</i>)	2
Magic House Superstore Ltd (<i>catering - ice cream and snacks</i>)	42
McDonald's (<i>catering - fast food restaurant</i>)	230
Mrs. Fields Cookies (<i>catering - bakery</i>)	18
Pie & Tart Specialists (<i>catering - pie and tart</i>)	12
Pizza Box (<i>catering - pizza delivery</i>)	15
Pizza Hut Restaurants (<i>catering - restaurants</i>)	80
Saint's Alp (<i>catering - Taiwanese tea house</i>)	4
Yoshinoya (<i>catering - Japanese restaurant</i>)	58

Partial List of Restaurant Groups in Hong Kong

Company Name	Type of Food	No. of Outlets
Maxims	Chinese /Japanese/Western Restaurants/fast food	246
	Bakery outlets (Maxim's + Arome)	279
McDonalds	Fast Food - Burgers	230
Café de Coral	Chinese fast food	160
Fairwood	Chinese Fast food	125
KFC	Fast Food - Chicken	66
Starbucks	Coffee & snacks	154
Pizza Hut	Pizza, local menu	80
Pacific Coffee	Coffee & Snacks	101
Delifrance	Bakery, Fast Food Sandwiches	29
Steak Expert	Steak house	3
Spaghetti House	International	14
Epicurean Group (restaurants & bars)	International	21
Café Deco Group	International	33

Lan Kwai Fong Entertainment	International	4
Oliver's Super Sandwich	Fast Food Sandwiches / Salads	16
Pret a Manger	Fast Food Sandwiches / Salads	16
Eclipse Management	International	12
Outback Steakhouse	Australian / American style Steak House	8
Red Ant	Chinese	2
Elite Concepts	International	6
California Pizza Kitchen	American style pizza	4
Dan Ryan's	American Style dining	2
Ruby Tuesday's	American Style dining	6
Burger King	Fast Food - Burgers	3
Jimmy's Kitchen	International	2
Ruth's Chris Steakhouse	American Style Steak House	1
Bubba Gump	American Style dining	1
Harlan's 360 View	International	1
Lawry's The Prime Rib	American Steak House	1
Morton's the Steakhouse	American Steak House	1

Institutional

Partial List of Institutional Food Service Operators in Hong Kong

Company Name	Location
Asia Pacific Catering Corp Ltd	Café de Coral Centre, No. 5-13 Wo Shui St., Fo Tan, Shatin, Hong Kong
Cathay Pacific Catering Services Ltd	11 Catering Road East, Hong Kong International Airport, Lantau, Hong Kong
Danny Catering Service Ltd	Goodman Kwai Chung Logistics Centre, 585-609 Castle Peak Rd, Kwai Chung Hong Kong
Hospital Authority - Kowloon East Cluster	Hospital Authority Building, 147B Argyle Street, Kowloon, Hong Kong
Hospital Authority - Pok Oi Hospital	Hospital Authority Building, 147B Argyle Street, Kowloon, Hong Kong
Hospital Authority - Princess	Hospital Authority Building, 147B Argyle Street, Kowloon,

Margaret Hospital	Hong Kong
LSG Catering China Ltd	Room 2006, 20/F Seaview Centre, 139-141 Hoi Bun Road, Kwun Tong, Hong Kong
Maxim's Caterers Ltd	Maxim's Centre, No.17 Cheung Shun Street, Cheung Sha Wan, Hong Kong
Nine to Five Ltd	G/F Block A&B, Tain Ping Industrial Park, 51 Ting Kok Road, Tai Po, Hong Kong
Shing Hin Catering Group	Room 805, 8/F, New Kowloon Plaza 38 Tai Kok Tsui Road Kowloon, Hong Kong
St. James Settlement-James' Kitchen	Rm 32, 1/F., Shing Yip Ind. Bldg., 19-21 Shing Yip Street, Kwun Tong, Hong Kong
Tung Wah Group of Hospitals	6/F Wong Fung Ling Memorial Building 12 Po Yan Street, Sheung Wan, Hong Kong

SECTION IV. COMPETITION

Due to land constraints, Hong Kong produces a minimal amount of its food requirements, depending on global sources to meet 95% of its food needs. In 2016, the U.S. remained Hong Kong's largest supplier of consumer-oriented agricultural products, by total value, with China and Brazil providing stiff competition in overall agricultural exports to Hong Kong. China is the largest supplier of fresh vegetables, processed fruits and vegetables, eggs and prepared/preserved red meats to Hong Kong and Brazil is the largest supplier of red meats (chilled/frozen). The U.S. is the largest supplier of poultry meat and tree nuts. France dominates wine imports to Hong Kong and the Netherlands dominates the dairy import sector.

**Table 4 – Major Product Categories for Hong Kong
Imports of Consumer-Oriented Agricultural and Seafood Products and Competition**

Product Category	Major Supply Sources**	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Red Meats, chilled/frozen Imports US\$3.92 billion 1,243,144 MT Retained Imports US\$2.68 billion	1. Brazil – 33% 2. U.S. – 28% 3. China – 7%	Products from Brazil and China are price competitive, but they are of different market segments from U.S. products. U.S. beef is highly regarded in Hong Kong	Local slaughter of domestic and imported animals provides fresh meats.

661,234 MT	4. Australia – 5%	and is a common choice by high-end restaurants and sophisticated consumers.	
Red Meats, Prepared/preserved Imports US\$938 million 379,641 MT Retained Imports US\$828 million 302,716 MT	1. China – 35% 2. U.S. –9% 3. Poland – 5% 4. Thailand – 5%	Chinese supplies dominate the market because they are price-competitive and there is strong demand for prepared/preserved meats typical in Asian-based cuisines.	Local production is insignificant.
Poultry Meat Imports US\$1.31 billion 784,883 MT Retained Imports US\$526 million 205,830 MT	1. U.S. – 32% 2. Brazil – 29% 3. China – 24%	The U.S. overtook Brazil in 2015 as the largest supplier of poultry. Brazil and China are still competitive in terms of price point, supplies and product range and have long-established relationships with Hong Kong importers.	Local slaughter of domestic and imported live animals provides fresh products. HRI sector tends to use chilled/frozen poultry products rather than freshly slaughtered due to lower prices.
Dairy Products Imports US\$1.69 billion 256,255 MT Retained Imports US\$1.27 billion 220,124 MT	1. Netherlands – 56% 2. New Zealand – 8% 3. Australia – 6% 4. Ireland – 5% 5. Singapore – 4% 6. U.S. – 3%	The Netherlands is a key supplier of dairy product supplies and has established positions in Hong Kong. Dairy products from major supplying countries primarily include concentrated dairy and cream. Melamine found in China-origin dairy products has led consumers to pay more attention to food safety and seek higher quality products from other supplying countries.	Local companies supply fresh milk products with milk imported from southern China dairies. Local companies can easily fulfill local milk registration requirements.
Eggs & Egg Products Imports US\$217 million	1. China – 48% 2. U.S. –	Eggs from China are price competitive. However, since 2006, when some Chinese eggs were found	Local production is insignificant.

<p>2.32 billion eggs*</p> <p>Retained Imports US\$213 million</p> <p>2.29 billion eggs*</p> <p>(* Quantity of egg products, other than whole eggs, were omitted as the unit was different and the value is trivial, around 6% of total value)</p>	<p>17%</p> <p>3. Thailand – 16%</p>	<p>tainted with Sudan red (which is a dye for industrial use), Hong Kong consumers seek alternative suppliers.</p> <p>The U.S. retains its position as the second largest egg supplier to Hong Kong. The U.S. dominates the white egg market.</p>	
<p>Fresh Fruit</p> <p>Imports US\$2.21 billion 1,611,837 MT</p> <p>Retained Imports US\$998 million 690,610 MT</p>	<p>1. Chile – 20%</p> <p>2. Thailand – 20%</p> <p>3. U.S. – 18%</p>	<p>Chilean fresh fruit imports increased by 10% in 2015 and replaced the U.S. as the leading supplier.</p> <p>Chile’s major fruit exports to Hong Kong are cherries and grapes. Their production season is different from that of the U.S.</p> <p>The Thai Trade Commission in Hong Kong aggressively sponsors trade promotion activities. Thai’s tropical fruits, particularly durians, are very popular in Hong Kong.</p> <p>U.S. fresh fruits have a positive reputation for quality and safety with Hong Kong consumers.</p>	<p>No local production.</p>
<p>Fresh Vegetables</p> <p>Imports US\$415 million 813,210 MT</p> <p>Retained Imports US\$406 million 807,223 MT</p>	<p>1. China – 76%</p> <p>2. U.S. – 8%</p> <p>3. Australia – 3%</p>	<p>Products from China are very price competitive. Due to expensive operation costs in Hong Kong, some farmers in Hong Kong have moved operations to China and sell their products back to Hong Kong.</p>	<p>Local production is about 5 % of total demand. Production costs, both in terms of land and labor, in Hong Kong are high. The Hong Kong Government has encouraged organic farming so as to find the</p>

		High-end restaurants and five-star hotels favor high-quality U.S. products.	niche market for local vegetables.
Processed Fruit & Vegetables Imports US\$683 million 245,456 MT Retained Imports US\$555 million 205,075 MT	1. China – 40% 2. U.S. – 24% 3. Thailand – 6%	China’s imports have been increasing since 2013. Their major items are dried mushrooms and truffles that are widely used in Chinese cuisines at restaurants and homes.	Local production is insignificant.
Tree Nuts Imports US\$1.50 billion 242,755 MT Retained Imports US\$835 million 68,591 MT	1. U.S. – 58% 2. Iran – 24% 3. South Africa – 7%	The U.S. is very strong in supplying almonds, walnuts, hazelnuts and pistachios. Some of the imports are re-exported to Vietnam and China for processing.	No local production
Wine (Wines, wine and sparkling wine) Imports US\$1.39 billion 63.4 million liters Retained Imports US\$775 million 36.0 million liters	1. France – 60% 2. Australia – 13% 3. U.K. – 8% 4. U.S. – 5% 5. China – 4%	France is the major supplier for wine. French wine is highly regarded in Hong Kong. Hong Kong consumers are increasingly familiar with U.S. wine. In 2015, U.S. wine imports value increased by 11%. Australia is aggressive in sales and recorded a 71% growth in value in 2015. The Hong Kong Government abolished the tax on wine in February 2008. The new policy has attracted more wine imports into Hong Kong.	Hong Kong has insignificant wine production.

(** Ranking and figures are taken from gross import values)

(Source of Data: Global Trade Atlas by Hong Kong Census & Statistics Department)

SECTION V. BEST CONSUMER-ORIENTED PRODUCT PROSPECTS

Notes :

- 95% of Hong Kong food supplies are imported. Since Hong Kong’s domestic production is nominal the market size in the following table is equal to retained imports without taking into account local production. U.S. exports to Hong Kong are also based on imports minus exports.
- Import tariff rates for all food and beverage products in the tables are zero except for spirits with alcohol content greater than 30%, which is 100%.
- Products listed below either enjoy a large market import value or a significant growth rate for the last 5 years (2011-2015).

Table 5 – Hong Kong: Top 10 Prospects

Product Category	2015 Retained Imports (MT)	2015 Retained Imports (US\$ million)	2011 – 2015 Average Annual Retained Import Growth	Key Constraints Over Market Development**	Market Attractiveness For USA**
Fish & Seafood Products	248,742 MT	US\$2.41 billion	4% (volume) -3% (value)	Asian countries enjoy proximity advantages. Major suppliers of fish and seafood products in 2015 were China (27%), Japan (14%), U.S. (5%), Vietnam (5%) and Norway (4%).	The typical Hong Konger consumes more than 70 kg of seafood a year, more than 4 times the world average. U.S. fish and seafood products are perceived as high quality and safe and are popular in the HRI sector.
Fresh Fruit	690,610 MT	US\$998.5 million	+4% (volume) +7% (value)	Hong Kong consumers prefer fresh fruit to frozen fruit. Competition from Thailand and China is keen as these countries supply fresh tropical fruits at competitive	U.S. fresh fruit are well known for their variety, good quality and taste. In 2015, the U.S. was the third largest supplier

				prices.	(18%) of fresh fruit to Hong Kong. Chile and Thailand were the top two suppliers with 20% of import value respectively.
Poultry Meat	205,830 MT	US\$525.8 million	-20% (volume) -17% (value)	Brazil is a very strong competitor of the U.S. due to price competitiveness and established business relationship between Brazilian exporters and Hong Kong importers. Similar scenario also applies to China where products are price competitive, and Chinese exporters also enjoy advantages of proximity and relationship.	U.S. poultry products are highly regarded for quality and safety with mid- joint wings and legs popular for use in local cuisines.
Pork	305,995 MT	US\$956.8 million	-2% (volume) -1% (value)	China and Brazil are the top suppliers of pork to Hong Kong. Their products are price competitive with prepared/preserved pork products in demand for use in Chinese restaurants.	Hong Kong imported \$78.5 million of U.S. pork accounting for 7% of the market share. U.S. meat products are generally perceived as quality and safe products.
Processed Fruit & Vegetables	205,075 MT	US\$555.5 million	+7% (volume) +21% (value)	China has been the largest supplier since 2014, accounting for 40% of market share. Chinese mushrooms and truffles are important ingredients in Chinese cuisines. The U.S. was the 2 nd largest supplier with 24% of the market	U.S. processed fruits and vegetables are well known of their superior quality and tastes. U.S. processed fruit and vegetables, such as some nuts, potatoes, sweet corn, mushrooms,

				share. Some international brands have operations in China and their exports to Hong Kong are considered as imports from China.	peaches and pineapples, continue to be in large demand in Hong Kong.
Beef	242,033 MT	US\$1.37 billion	+22% (volume) +21% (value)	Because of BSE cases in the U.S., Hong Kong banned U.S. beef since 2005. Brazil beef took the opportunity to gain market share. Market share of U.S. beef gradually picked up following Hong Kong's opening to U.S. beef, first to boneless beef, then to bone-in beef, and finally to all cuts excluding specified risk materials (SRM) in 2014.	Hong Kong consumers have high regard for U.S. beef in terms of quality and safety. The full re-opening of the Hong Kong market for U.S. beef presents positive opportunities to expand market share.
Wine (Wines, wine, and sparkling wine)	36.0 million liters	US\$775.0 million	+5% (volume) -6% (value)	Competition is keen in Hong Kong. France and Australia are major players in the market.	Hong Kong imported \$64.5 million of U.S. wine in 2015, accounting for 5% of the market share. Hong Kong consumers are more and more receptive to new world wines. The HRI sector in Macau is growing, making it an excellent opportunity for U.S. wine traders to expand exports.

Tree Nuts	68,591 MT	US\$834.5 million	39% (volume) +17% (value)	The U.S. is very strong in supplying almonds, hazelnuts and pistachios. Some of the imports are re-exported to Vietnam and China for processing.	No local production
Fruit & Vegetable Juices	28,046 MT	US\$91.7 million	+13% (volume) +33% (value)		The U.S. is still the market leader. Hong Kong imported \$66.5 million of fruit and vegetable juices from the U.S. in 2015, accounting for a market share of 68% and growth of 71% in value compared to last year. Given their high quality, U.S. fruit and vegetable juices, such as orange, apple, grape, grapefruit, tomato and pineapple juices, are expected to continue growth prospects.
Organic Food and Beverage	Statistics not available	Statistics not available	Statistics not available	Organic F&B products are generally 20-40% higher in prices compared to non-organic products. There is no government regulation in organic labeling and standard. Poor quality of a certain organic product may negatively	According to supermarket online stores (#Great Food Hall, Marketplace by Jasons, ParknShop and Wellcome), the number of organic items consists of 4.1% of total food and beverage items. Popular

				affect the image of all organic products in the market.	categories include baby food, meat, canned food, condiment, spice, breakfast cereal, and non-alcoholic beverages.
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(** Ranking and figures are taken from gross import values)

(# Figures were taken from the retailers' websites in September 2016)

(Source of data: Global Trade Atlas by Hong Kong Census & Statistics Department)

SECTION VI. POST CONTACT AND FURTHER INFORMATION

Foreign Agricultural Service (FAS)

Home Page: <http://www.fas.usda.gov>

Agricultural Trade Office (ATO)

Consulate General of America, Hong Kong and Macau

18th Floor, St. John's Building

33 Garden Road, Central

Hong Kong

Tel: (852) 2841-2350

Fax: (852) 2845-0943

E-Mail: ATOHongKong@fas.usda.gov

Web site: <http://www.usconsulate.org.hk>

<http://www.usfoods-hongkong.net>

Food Safety Control Policy

Food & Environmental Hygiene Department

43rd Floor, Queensway Government Offices

66 Queensway

Hong Kong

Tel: (852) 2868-0000

Fax: (852) 2834-8467

Web site: <http://www.fehd.gov.hk>

Importation of Plants & Live Animals

Agriculture, Fisheries & Conservation Department

5th – 8th Floor, Cheung Sha Wan Government Offices

303 Cheung Sha Wan Road

Kowloon

Hong Kong

Tel: (852) 2708-8885

Fax: (852) 2311-3731

Web site: <http://www.afcd.gov.hk>

Licenses for Imported Reserved Commodities

Trade & Industry Department
18th Floor, Trade Department Tower
700 Nathan Road
Kowloon
Hong Kong
Tel: (852) 2392-2922
Fax: (852) 2789-2491
Web site: <http://www.tid.gov.hk>

Registration of Health Foods Containing Medicinal Ingredients

Department of Health
Pharmaceuticals Registration
Import & Export Control Section
18th Floor, Wu Chung House
213 Queen's Road East, Wanchai
Hong Kong
Tel: (852) 2961-8754
Fax: (852) 2834-5117
Web site: <http://www.dh.gov.hk>

Licenses for Imported Dutiable Commodities

Hong Kong Customs & Excise Department
Office of Dutiable Commodities Administration
6th - 9th Floors, Harbor Building
38 Pier Road, Central
Hong Kong
Tel: (852) 2815-7711
Fax: (852) 2581-0218
Web site: <http://www.customs.gov.hk>

Trade Mark Registration

Intellectual Property Department
Trade Marks Registry
24th and 25th Floors, Wu Chung House
213 Queen's Road East
Wan Chai, Hong Kong
Tel: (852) 2803-5860
Fax: (852) 2838-6082
Web site: <http://www.ipd.gov.hk>

Travel Information

Hong Kong Tourist Board
9th - 11th Floors, Citicorp Center
18 Whitfield Road, North Point

Hong Kong
Tel: (852) 2807-6543
Fax: (852) 2806-0303
Web site: <http://www.hktourismboard.com>

Hong Kong Trade Information

Hong Kong Trade Development Council
38th Floor, Office Tower, Convention Plaza
1 Harbor Road, Wan Chai
Hong Kong
Tel: (852) 2584-4188
Fax: (852) 2824-0249
Web site: <http://www.tdctrade.com>

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